

DRAFT

MEMORANDUM

To: CALFED Steering Committee
Fr: CUWA Category III Funding Committee
Jorge Carrasco, EBMUD
John Wodraska, MWDSC
Re: Proposed Workplan for Category III Funding
Dt: May 18, 1995

Background

The December Bay-Delta Accord contains a \$60 million/year commitment toward "Category III" measures. This memorandum proposes a workplan for achieving consensus on the source of these funds by November 30, 1995.

Contents of Plan

A consensus Category III funding plan should include the following elements:

- 1) Relative financial responsibilities of local water agencies, state government, and the federal government.
- 2) Amounts and sources of annual funding derived from reprioritized state and federal funds.
- 3) The source of water-user contributions and mechanisms for guaranteeing those contributions.
- 4) Commitment from State regarding source and magnitude of new Category III funding.
- 5) Commitment from the federal government on source and amount of new federal funding for the Category III program.
- 6) Mechanism for incorporating and crediting "in-kind" Category III contributions by water users, environmental organizations, and state/federal agencies.¹
- 7) Institutional mechanism for coordinating, consolidating, and managing Category III funds.

¹ For example, an agency may wish to undertake specific Category III projects in lieu of "cash" contributions.

Process and Schedule

June 1, 1995: Water users issue "Strawman" proposal on funding to serve as focusing tool for discussions. The Strawman proposal would address all seven elements listed above.

June/July 1995: Urban and agricultural agencies seek consensus on funding strategy, particularly regarding amount and source of water-user contributions. Water users also discuss possible state/federal shares and reprioritized funding. *Target date for consensus product: July 15, 1995.*

July/August 1995: Urban and agricultural agencies present joint funding proposal to CALFED agencies and seek consensus on amount and source of water user funding, reprioritized state/federal funding, and new state/federal funding. *Target date for consensus product: August 15, 1995.*

August/September 1995: Water users and CALFED agencies discuss proposal with environmental and fish/wildlife interests. *Target date for consensus product: September 15, 1995.*

September 1995: Obtain approval of Stakeholders policy committee on consensus plan. *Target date: September 29, 1995.*

October 1995: Meet with key state and federal legislators regarding possible legislative actions necessary to realize State and federal share of new Category III funding requirements. *Target date for providing consensus report on proposed legislative actions: October 27, 1995.*

October 1995: Obtain approval by CALFED policy committee of funding proposal. *Target date: October 27, 1995.*

November 1995: Execute Memorandum of Understanding between Stakeholders, CALFED, and individual state/federal agencies regarding specific commitments to finance agreed-upon shares of Category III program. *Target date for executed agreement: November 30, 1995.*

Interim Actions

CALFED and Stakeholders should pursue the following actions concurrently with the process outlined above:

- 1) Seek grant support for "short-list" Category III projects through the state Wildlife Conservation Board.
- 2) Seek inclusion in Department of Interior's FY-97 budget request a major appropriation (at least \$10 million) from federal Land and Water Conservation Fund for Category III projects.
- 3) Seek cost-sharing from Corps of Engineers small projects grants for "short-list" Category III projects having flood-control implications.
- 4) Achieve consensus on water-user contributions to finance "short-list" Category III projects.²

² The scheme for water-user contributions toward "short-list" Category III projects might differ from the broader plan for longer-term financing of Category III, which would be the subject of the December 15, 1995 Memorandum of Understanding.